

Cuyahoga Arts and Culture

Minutes of Regular Meeting of the Board of Trustees

Tuesday September 11, 2007, 10:00 am

A regular meeting of the Cuyahoga Arts and Culture (CAC) Board of Trustees was called to order at 10:00 a.m. in the Second Floor Conference Room of the Ideacenter Building at 1375 Euclid Avenue, Cleveland, Ohio. The three Trustees of the CAC Board of Trustees were in attendance: Steven Minter, Santina Protopapa and David Bergholz.

1. Approval of Minutes

President Minter asked if there were any comments about the minutes from July 10, 2007. Executive Director Boyle stated that one change needs to be made on page 3, as pointed out by Trustee Bergholz.

Trustee David Bergholz moved to approve the minutes from the July 10, 2007 meeting with the one minor correction. Trustee Protopapa seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes. The minutes of the Regular Meeting of the CAC Board of Trustees of July 10, 2007 will be posted on the CAC website.

2. Finances

CAC Executive Director Boyle presented the most recent fund balance for CAC. She explained that CAC is depositing its funds in a STAR Ohio account, where it has generated about \$100,000 in interest income to date. The cigarette tax has generated about \$10 million in revenues to date, and CAC is still projecting approximately \$17 million in revenues for the 11 months of 2007.

Meg Harris, CAC Director of Administration, discussed the increase in the .04 cigarette tax shown on the County Office of Budget and Management's report in the months of November and December of 2006. The question is whether this is a normal seasonal increase or whether revenues were up because of the tax passing in November and the resulting stockpiling of cigarettes. If it is a normal seasonal increase, CAC collections might also go up in the same months of 2007. CAC would be on target for at least \$17 million in revenues for the 11 months of this year. President Minter noted it is fortunate that CAC has a few more months until having to allocate funds to the grant programs and that collections to date seem to be on schedule with CAC's projections. Ms. Harris stated that she and ED Boyle met with an accountant, Brian Schriefer, and he found CAC's financial control systems sufficient and in good order. He made a recommendation that CAC start a depreciation schedule.

ED Boyle asked the Board for approval for the purchase of Directors & Officers Insurance from Royal Sun (RSUI). President Minter asked if this policy would subordinate any

personal insurance, and asked Ms. Harris to clarify before purchase. Ms. Harris stated that this is a standard insurance policy and that she will look into the question and get back to the Board with the answer.

President Minter moved to approve the Directors & Officers Insurance policy. Trustee Protopapa seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

3. General Operating Support Grant Program

ED Boyle stated that CAC received 82 applications for 2007 GOS Grants. CAC staff met with Tom Schorgl, President of Community Partnership for Arts and Culture (CPAC), CAC Counsel Barbara Hawley and CPA Brian Schriefer to review all applications for eligibility. Trustee Bergholz was also in attendance. After a thorough eligibility review, ten (10) organizations were determined to be ineligible. Nine of the ten organizations did not submit the required Certified Financial Review or Audit as outlined in the GOS Guidelines. One organization did not submit organizational By-Laws and a Certificate of Good Standing, both of which were required and outlined in the GOS Guidelines as an eligibility requirement. In addition to the published GOS grant guidelines, CAC staff clearly stated in the GOS Grant Workshops and in the Draft Application Review meetings that these items were required to be submitted and would determine an organization's eligibility to compete in the GOS Grant Application Review process.

President Minter asked if these organizations have an opportunity to appeal. ED Boyle stated that some organizations were given an opportunity to clarify the part-time paid professional staff requirement. However, those organizations that did not submit a Certified Financial Review or Audit were automatically ineligible. Trustee Bergholz added that from his perspective, these were very clear calls in regards to eligibility.

Trustee Bergholz moved to accept the 72 eligible applications to advance to the Grant Application Panel Review in October. Trustee Protopapa seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

ED Boyle explained the Grant Application Panel Review schedule. On Sunday, October 14, panelists will arrive in Cleveland for orientation and review of the 72 eligible organization's supplemental materials, starting at 1:00 pm. The public Grant Application Review panel meetings will be held the next two days, Monday October 15 and Tuesday October 16 beginning at 8:30 am at the Myers University Ballroom. It is planned that Monday morning will begin review with the organization with the smallest budget and proceed until the organization with the largest budget is reviewed at some point on Tuesday. A public policy discussion will conclude the Grant Application Panel Review on Tuesday, October 16.

ED Boyle stated that CPAC assisted in assembling the nine panelists. CAC staff has been in contact with all nine panelists and are pleased that they are all eager and willing to be a part of this very important event in our community. All nine are arts and cultural professionals from out of the state and have a range of experience in the various disciplines and organizational

budget sizes as the applicants. CAC staff are in the process of assembling and mailing to the panelists all of the materials for review in advance of the Grant Application Review panel meetings. All panelists are expected to review all of the 72 applications. However, each panelist is also assigned certain applications as a First and/or Second Reader. As a First Reader, a panelist is expected to perform an in-depth reading of the application and the applicant's supplementary materials. As Second Reader, a panelist is expected to also have read in-depth the applications assigned.

Trustee Bergholz stated that both he and President Minter were struck by how little the proposed honorarium is for the panelists (\$200/day), and asked if this is a normal fee or rate for panelists. Mr. Schorgl responded that this is a competitive rate, although CAC's honorarium is actually higher than many. He stated that serving on a panel is considered a "quid pro quo" and he is sure CAC staff members will be asked to serve on panels.

ED Boyle asked the board for approval of the nine panelists. Trustee Bergholz moved to approve the nine panelists and compensation. President Minter seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

Trustee Protopapa stated that it appears that all of the panelists are from large organizations. She asked if smaller organizations were being represented. Mr. Schorgl stated several of the panelists have experience with both medium and small size organizations. The panelists who are asked to be First Readers represent the particular discipline of the applicants; the Second Reader generally has other experiences such as with small or medium-size organizational operations. Trustee Protopapa also asked if CAC only looked in Michigan and Pennsylvania for panelists. Mr. Schorgl once again answered and stated that the search went outside the region, but that in panel situations travel can be a concern. Also, the search was performed in areas that had commonalities with this region. Trustee Bergholz added that the resumes of the panelists show a wide range of experience.

ED Boyle asked Mr. Schorgl to briefly outline how the panel process works. Mr. Schorgl began by explaining that Achala Wali, CAC Director of Grant Programs, will begin review of each application by introducing the applicant, giving a brief history of the organization and general information, such as its discipline, years in operation, and number of paid staff. The Panel Chair will call on the First Reader to give an analysis of the strengths and weaknesses of the application. Then the Second Reader is asked to comment. The Panel Chair will then ask the entire panel to discuss. The Panel Chair will then ask the panelists to score the application. Scoring should be based on the criteria outlined in the GOS grant guidelines. Scores are handed to the scorekeepers and tabulated using the Olympian Method which eliminates the single highest and single lowest score to determine an average which results in a final score. Scores will be posted as they are tabulated. Applicants will know if they have scored the 75 points or more needed to be in the GOS grant pool soon after their review is completed. Once all 72 applicants have been scored, the panel will vote to ratify its recommendations to the CAC Board of Trustees.

If necessary, there is opportunity for clarification regarding an applicant organization or application. If a panelist should request information about an applicant or application, the Panel

Chair will recognize an official representative of the organization to respond, as long as there is an official representative of the organization present and signed in. Additionally, there will be a form available for an organization to complete requesting to clarify any objective misinformation stated by the panel. The form is given to the Panel Chair and ED Boyle, and if they agree it is information that should be clarified to the panel, the Panel Chair will correct the record.

ED Boyle concluded by asking the CAC Board to approve Tom Schorgl to be the Chair of the 2007 GOS Grant Application Panel Review. Trustee Bergholz moved to approve and Trustee Protopapa seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

Trustee Protopapa expressed interest in revisiting the compensation for the panelists. Trustee Minter agreed, and stated that the Board should consider raising the honorarium. Tom Schorgl commented that all travel and accommodation expenses are covered by CAC. The Board began discussion of an additional honorarium for the panelists for all the work done in advance of the Grant Application Review in Cleveland. Linda Abraham-Silver, Executive Director of the Great Lakes Science Center, stated that the National Science Foundation gives \$500 for a work day, and \$250 for travel days. Deena Epstein from the Gund Foundation added that it is standard to receive employer compensation as well as the honorarium and that it is understood that this is a "service". Trustee Bergholz stated that the Board should recognize the time spent in advance of the panel meetings and would like to compensate accordingly.

Trustee Protopapa moved to increase the compensation from previously approved honorarium to include two extra working days at \$200 per day. Trustee Bergholz seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

ED Boyle stated that she and Ms. Harris have been reviewing the Independently Reviewed Financial Audits/Reviews submitted with the applications and there are many questions about what CAC should consider as eligible revenues and support for purposes of the GOS formula-based grant. Ms. Harris stated that CAC has looked at the Ohio Arts Council (OAC) Form M which is used to more accurately determine an operating budget for purposes of its formula-based grant (Sustainability Grant). ED Boyle and Ms. Harris recommend that CAC develop a similar form to OAC's Form M since it is impossible to make determinations based on what CAC has required of the applicants with their applications. ED Boyle asked the Board if it has any reservations about creating a similar form and sending it out to all 72 eligible organizations in advance of the Grant Application Panel Review.

Trustee Bergholz stated that there is no question that CAC should have a form similar to Form M and encouraged developing something. Trustee Bergholz asked if there was any benefit in being consistent with OAC.

President Minter stated that OAC has \$1.5 million annual budget as a threshold for organizations to complete the Form M, and asked how many of the 72 eligible GOS applicants have budgets over \$1.5 million and how many of them would have been through the OAC process. ED Boyle surmised that perhaps 20% of CAC's eligible GOS applicants have budgets

over \$1.5 million and that many of them in that category would have been through the OAC process.

President Minter stated that a form could be a considerable amount of work for the smaller organizations and asked if it is worth it to remove, for instance, a potentially a small amount of in-kind contributions from the budgets of some of the smaller organizations. Trustee Bergholz added that the whole issue of in-kind is a difficult one, and that CAC should stay as close to OAC policy as possible. Ms. Harris stated that a form such as OAC's Form M would allow organizations to pull out certain revenues rather than having CAC staff do it, which could lead to many issues. Mr. Schorgl stated that he did not think CAC should fund in-kind contributions. He suggested a two-part form, one with a section for smaller organizations and one for larger organizations with the same guidelines that would apply to all organizations. Barbara Hawley agreed that it is important to have uniformity with all applicants.

ED Boyle steered the discussion to the topic of whether CAC should run the GOS formula once and determine a set annual grant award amount for each of the three years or run it every year based on the grantees most recently completed Fiscal Year's Certified Audit or Review. This could result in different annual grant award amounts over the course of the three year grant. President Minter added that the concerns he has heard out in the community were due to the August deadline and the fact that some organization's fiscal years ended June 30th and those organizations were unable to complete and submit the most recently completed FY Financial Audit/Review to CAC. Several organizations had approached CAC asking could they submit their FY 2006 Audit/Review after the deadline and have it apply to the formula should they receive the points to be in the GOS pool. They are discouraged that they might receive a three-year grant based on an older audit. After considering this request, CAC determined that allowing this would be unfair to those organizations that do not have a June 30th FY end date and therefore CAC determined that the set August deadline would be adhered to for all submissions.

It was noted that the OAC runs its Sustainability Grant formula every year. Mr. Schorgl commented that when using OAC as an example, it needs to be understood that its revenue stream is reassessed on a biannual basis by the Ohio Legislature and that is why the formula has to be re-run. CAC's revenues are different. Trustee Bergholz agreed that CAC should maintain the original plan to run the formula once unless there is a significant decline or increase in the tax proceeds. Mr. Schorgl added that if the proceeds remain the same, or increase, CAC can certainly supplement the GOS program and increase the grant amounts. Trustee Bergholz stated that it is certainly an issue CAC should be monitoring and tracking and should be discussed again in anticipation of the second round of GOS in 2010.

President Minter stated that it was his impression that the intent of the GOS grant is to provide consistent support to grantees over the course of the grant period. Mr. Schorgl agreed and noted that discussions prior to the Issue 18 campaign centered on the need for a consistent revenue stream over multiple years, and CAC is in a position to make good on that. Trustee Bergholz reiterated that he agrees that CAC should stay with the original plan that the grant formula should be run one time. President Minter stated that he is satisfied that the Board has sufficiently debated this issue and that there is not a compelling argument to change course.

4. Project Support Grant Program Guidelines

ED Boyle began her outline of the proposed Project Support (PS) grant program by acknowledging all of the people have given their valuable input, such as Deena Epstein, Kathleen Cerveny, other local arts funders, Trustee Protopapa, Barbara Hawley and Susan De Pasquale from the Ohio Arts Council.

For purposes of CAC's PS grant, a "project" is defined as a one-time event, program, activity or a continuation of an ongoing program or activity. All projects must be arts or cultural in scope. The grant funds must be used and the project must begin and end within 12 months of the grant, between June, 2008 and June, 2009. An organization can only apply for one grant per year and GOS recipients are not eligible to apply for PS Grants. An organization may request up to \$50,000 for a proposed project and the request must be matched with other sources of funding. The application process is competitive, and applications will be scored by an outside panel of arts and cultural professionals just like the GOS grants. Points will be assigned based on the quality of the proposed project and its community impact as well as the ability of the organization to implement, promote and complete the project.

ED Boyle explained that there has been conversation about whether CAC's statute (ORC 3381) permits CAC to make grants to governmental organizations such as public schools, universities and libraries. Legal Counsel Barbara Hawley advised that ORC 3381 requires a grantee to be an organization or institution that provides programs or activities in areas directly concerned with the arts and is not for profit. Public or governmental institutions may satisfy those criteria. The proposed PS grant program permits grants to be made to governmental institutions but does not permit a CAC grant to replace existing public funds.

The "match" requirement in the proposed PS grant program was then discussed, including the ability of an organization to apply in-kind contributions as up to half of an applicant's requirement for the match, (up to 25% of the project's budget). Trustee Bergholz asked if it would even be necessary to look at in-kind in regards to PS grants. Trustee Protopapa stated that small organizations or groups that do not have huge revenue streams would be pleased that they can use in-kinds as a part of the match for funds. President Minter asked if this would lead some groups to be more inclined to apply for PS Grants instead of a GOS grant, and might some organizations decline a GOS grant if they felt they might receive a larger grant through the PS program? CAC Director of Grant Programs Achala Wali stated that allowing in-kinds as a part of the match certainly benefits the smaller organizations; however it is important that CAC have clear guidelines as to what types of in-kinds are acceptable and what type of documentation CAC will require as proof of the donated services.

President Minter stated that it seems smaller organizations may be better off applying for PS grants and that it seems many applicants for PS grants will be smaller organizations. Therefore, it is his opinion that CAC should not be too complicated in its guidelines and application process and further squeeze smaller organizations. ED Boyle stated that she will amend the proposed PS guidelines to make any changes discussed and post them for public comment on the CAC website (cacgrants.org) by the end of the day.

5. Additional Comments/Public Discussion

President Minter opened up the floor for any additional comments or public discussion.

Kathleen Cerveney commented that CAC will need to consider its policy regarding those organizations that score low on the point scale for PS and therefore do not receive a grant close to the amount requested, and needed, to implement the proposed project. Trustee Protopapa agreed that this is a very good point. Mr. Schorgl stated that CAC should consider that if applicant receives less than 50% of its request, that the organization must resubmit a project budget to CAC.

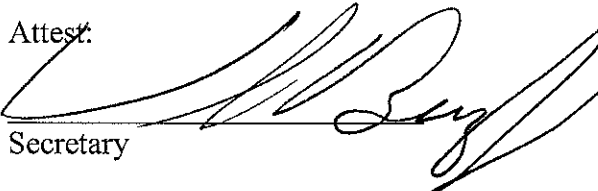
President Minter added that he had just returned from Boston, where he attended a conference and participated in conversations about the important challenges for non-profit organizations. These days, the challenge for many organizations is a lack of capital. In the past, the focus has been on developing strategies for organizations but the trends now focus on, in this order: talent, capital, and then strategy. The old way of thinking resulted in many non-profits having a strategy, but not the talent or the capital to implement the strategy.

There being no further business, the regular meeting of the CAC Board of Trustees was adjourned at 11:30 am, September 11, 2007.



President

Attest:



Secretary